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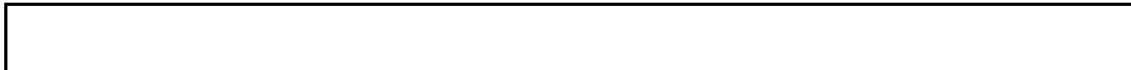
2 May 1961

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CENTRAL INTELLIGENCE BULLETIN



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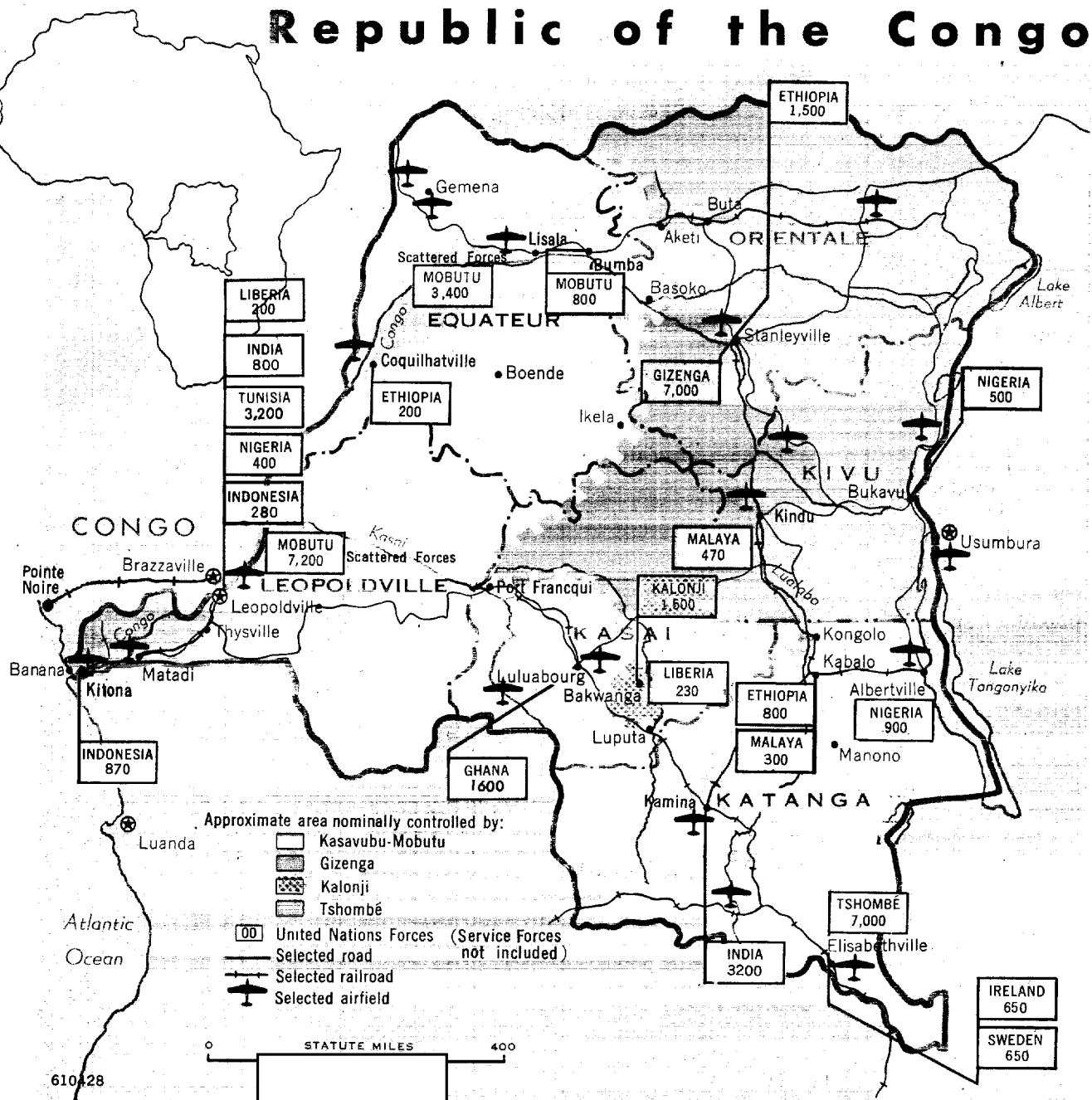
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*Congo: The authorities in Katanga remain in a state of confusion over Tshombé's continued detention. Interior Minister Munongo reportedly is anxious to take over the leadership of the government publicly, but fearing charges of usurpation is reluctant to move without Tshombé's concurrence. The American Consulate reports that UN officials in Elisabethville appear willing to deal with Munongo in the belief that he is basically more reasonable than Tshombé. Tshombé's followers are apprehensive lest word of his incarceration trigger an uprising among antiregime Baluba tribesmen in southern Katanga. 25X1

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*USSR-Berlin: Khrushchev used his 24 April conversations with West German Ambassador Kroll to offset the impression that he was committed to a showdown on the Berlin and German questions before the Soviet party congress in October. While strongly emphasizing his determination to achieve a solution during 1961, Khrushchev told Kroll that the bloc had set no precise deadlines and would be willing to wait until the West German elections and "possibly" until the party congress before convening a bloc peace conference to sign a separate treaty with East Germany. Although Khrushchev failed to mention East-West negotiations prior to a bloc conference, his [] remarks over the past several months suggest that he still expects a further round of negotiations and recognizes that the process of arranging new talks will take longer than he anticipated and could extend beyond next fall. He also told Kroll that he was convinced the West would not risk nuclear war over Berlin and that the USSR could cope with any economic sanctions or a break in diplomatic relations. He assured Kroll that the prospect of a showdown over Berlin "need not affect negotiations already begun with the US" but that he was skeptical over such negotiations and, in particular, he believed the US was not seriously interested in disarmament. 25X1

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DAILY BRIEF

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South Korea: Prime Minister Chang Myon and his supporters are planning a major reorganization of the ruling Democratic party and a cabinet reshuffle, probably about mid-May, in an effort to strengthen legislative support for the government. Chronic factionalism in the government party has impeded Chang's legislative program and is eroding public confidence in the administration. Maneuvering in anticipation of the shake-up has aggravated intraparty differences, but the selection of new party and cabinet officers may give Chang the opportunities he needs to strengthen party unity.

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Afghanistan: Afghan Foreign Minister Naim has told Ambassador Byroade that his government now estimates that it will require \$750,000,000 in foreign exchange for its Second Five-Year Plan (1961-1966)--considerably more than earlier reports indicated. Kabul looks to Moscow for the major contribution--\$300,000,000--but Naim expressed hope that close to \$200,000,000 would be provided by the US. A plan of this scope is not realistic for Afghanistan, and it seems likely that these figures have been inflated in order to increase the chances of a large American contribution. Negotiations for Soviet assistance, continued during Prime Minister Daud's recent visit to Moscow, are still "far from settled," according to Naim.

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DAILY BRIEF

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South Korean Ruling Party Being Reorganized

The ruling Democratic party has substituted a single executive for the collective leadership system in operation since the party was founded in 1955. Prime Minister Chang Myon has been named party president, subject to ratification by the Democratic National Convention. The concentration of power in a single executive offers the opportunity for more vigorous leadership but is less suited to the reconciliation of party conflicts.

The present intraparty struggle is over the post of secretary general. Leaders of the group of younger party members fear that if the post goes to Chang's chief political lieutenant, minister without portfolio O Wi-yong, they will be deprived of all influence by the "old guard." Two other likely candidates, former Home Minister Yi Sang-chol and Representative Hong Ik-pyo, while considered members of the elder group, might be acceptable to "young faction" leader Yi Chol-sung. Yi is believed to have some control over about 30 assemblymen, enough to threaten the administration's 129-seat majority in the lower house, which has a membership of 233.

The pending cabinet reorganization--the third since Chang took office last August--is a continuation of a January shake-up in which the "young faction" and some lesser groups were brought into the government. Completion of the cabinet reorganization is being delayed until the administration's supplemental budget bill passes the legislature. It appears likely that additional changes will be limited to only a few ministerial posts and some vice-ministerial positions. [Prime Minister Chang [redacted] expects to replace the ministers of education, transportation, and home affairs. All three incumbents can be dismissed without political repercussions. At least one of the vacated ministerial slots probably will go to the "young faction." If Chang is successful in establishing his control of the government party, he would be in a stronger position to carry out some of the needed reforms supported by the United States.]

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Decisions on Afghan Second Five-Year Plan Due Soon

The decisions now being made by Afghan Prime Minister Daud on the size and content of the Second Five-Year Plan, which is to begin in September, will help determine the extent of Soviet economic assistance and whether or not Afghan economic dependence on the USSR will increase further over the next five years.

[Tentative plans, some of them conflicting, were drafted during Daud's three-month absence in Europe for medical treatment. He alone has the authority to resolve differences among the various ministries and make final decisions on the basic character of the plan.]

[Most important will be Daud's attitude toward the recommendations of the Soviet advisory team that worked in the Ministry of Planning in January and February. Catering to Daud's desire for faster development, the Soviet advisers estimated an optimistically high rate of growth for export earnings. If expectations of such high earnings influence Daud to approve a large plan and Afghan exports actually earn much less, as seems likely, Kabul would be unable to service its debts and pay for the later stages of the plan. This could make Afghanistan even more dependent on the USSR, its chief creditor, for further assistance to refinance the Second Five-Year Plan.]

[The Soviet team also recommended increases in Afghan production of low-quality export commodities, such as cotton and wool, which are likely to be marketable only in the Communist bloc. Should Daud ignore Western recommendations to improve the quality of Afghan exports to make them competitive in convertible currency markets, this would indicate willingness to become increasingly dependent on Soviet barter trade.]

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